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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000386

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SUBJECT: DPP CANDIDATE FRANK HSIEH ON ELECTION CAMPAIGN AND
UN REFERENDUM

REF: TAIPEI 281

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (C) Summary: DPP candidate Frank Hsieh told the Director on March 18 that he trails the KMT's Ma Ying-jeou by a 3-5 percent margin but is working to close the gap before the presidential election on Saturday, March 22. Hsieh noted that the March 12 intrusion at his headquarters by four KMT legislators had helped his campaign, but some unfortunate profane remarks about Ma's late father by a controversial government official had reduced the boost he had hoped to receive from the March 16 large-scale rallies. Hsieh predicted the PRC violent crackdown in Tibet will have some, but not a major, impact on the election. The PRC approach to Tibet underscores that a cross-Straits "peace agreement" would only be effective if it had international guarantees by the U.S., Japan, and others. Hsieh confirmed his position that the UN referendum does not change the status quo or Taiwan's formal name as the ROC, and it is not a move toward de jure independence. In a one-on-one session following the larger meeting, the Director urged Hsieh, if elected, to remember the audiences in Washington and Beijing who will be watching closely for signals from the president-elect. Hsieh also downplayed the danger of Chen Shui-bian causing trouble in cross-Straits relations between the election and May 20, when the new president will be inaugurated. End Summary.

The Presidential Election Campaign

¶2. (C) On March 18, the Director met with DPP candidate Frank Hsieh at his headquarters to discuss his campaign heading into the presidential election on Saturday, March 22. Hsieh was accompanied by campaign manager Lee Ying-yuan and international affairs director Bikhim Hsiao. Hsieh told the Director that the election is very close, with KMT candidate Ma Ying-jeou leading by 3-5 percentage points, according to his internal polling. While the DPP's large-scale rallies on March 16 helped narrow the margin, the gap did close completely because of reactions to Education Ministry official Chuang Kuo-jung's profane remarks about a scandal involving Ma's late father. (Note: Chuang was forced to resign over this incident, and Hsieh publicly apologized to Ma. End Note.) The last three days of the campaign will be

very critical, Hsieh stressed.

13. (C) Ma will do better in Saturday's balloting in southern Taiwan than KMT candidate Lien Chan did in 2004, Hsieh acknowledged, but he expected to do better in Taipei City and County than President Chen did four years ago. Although DPP criticisms of the "one China market" have undermined the benefits Ma derived from his long stay program in the south, the KMT is spending large amounts of money to increase its support in southern Taiwan, including Tainan County. The situation in central Taiwan is still unclear, Hsieh added.

14. (C) Hsieh said he expects the turnout rate on Saturday to be about 78 percent, though this could go down to 76 percent if it rains. According to Hsieh, the March 12 intrusion by four KMT legislators at his headquarters had initially reduced Ma's support by 8 points. However, repeated apologies by Ma and others had mitigated the effects of the incident, and Ma's numbers have recovered somewhat. The KMT is trying to claim the incident was a DPP conspiracy, Hsieh asserted, in an attempt to counter the widespread view that the intrusion was a glaring example of the KMT's "one party dominance" in operation. Hsieh denied he faces problems with President Chen Shui-bian. Chen understands the need to be low-key and thinks he is doing so. Hsieh said he has not decided yet whether to make a joint appearance with Chen in the final days of the campaign, a move that could cut both ways.

Effects of Violence in Tibet

15. (C) Asked about the impact on the election of the PRC's

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violent crackdown in Tibet, Hsieh said Tibet will have some, but not major, influence on the election. Because Ma has also criticized China, there is not a big difference between the two candidates. However, developments in Tibet will affect the attitude of the Taiwan people toward China, and Ma is closer to China. Therefore, PRC violence against Tibet makes it easier for the DPP to criticize the "one China market." Ma accepts the one China principle, believing the principle allows for "different interpretations." Despite Ma's claims to the contrary, however, Beijing has rejected the concept of "different interpretations" on at least four occasions, including a statement by the Taiwan Affairs Office on August 10, 2005, Hsieh said.

16. (C) Ma is "naive" about China, Hsieh continued. Early on, Tibet and China had a peace agreement, and the Dalai Lama has shown goodwill to Beijing, but the results have been bad. Ma wants to negotiate a peace agreement with Beijing on the basis of goodwill, but such a peace agreement just between Taiwan and China would be useless. For such an agreement to be effective, Hsieh argued there would have to be international participation by the U.S., Japan, and others. While Taiwan should hold talks with the PRC, such talks should not aim at reaching quick conclusions on political issues. Any conclusion would only make Taiwan's situation worse than it is now, since Taiwan already has its own elected government, military, and so forth. However, talks to resolve practical, economic issues are a different matter. If elected president, Hsieh said, he would plan to expand the current cross-Strait holiday charter flights to a weekend frequency by early August.

17. (C) Hsieh said that one of his main strong points as a candidate was his long-term policy consistency on Taiwan's future and social and economic priorities. By contrast, Hsieh maintained, Ma was a flip-flopper. For example, Ma told the international press in the past that Taiwan's future would have to be decided by the two sides of the Strait. Now, however, Ma has dropped the mainland from his equation and is saying for election purposes that the future of Taiwan is up to the people of Taiwan to decide. Hsieh noted that,

compared to President Chen, he favors greater opening to China, while compared to Ma, he pays more attention to Taiwan "subjectivity."

Green Card

¶8. (C) Hsieh recalled telling the Director in a previous meeting that the USG had removed Ma's green card file (reftel). A major U.S. law firm, which had investigated Ma's green card and prepared a report, had hired a private detective who was a retired National Security Agency employee, according to Hsieh. Hsieh said he had not wanted Ma's green card to be the main issue in the campaign. However, Ma had created the issue when he first claimed he did not have a green card. Prior to candidate registration, Hsieh said he had found out from the law firm and detective that Ma's LPR status is still active.

¶9. (C) The Director said he did not believe Ma's green card records were missing. The U.S. does not want to inject itself into Taiwan's election, the Director stressed, and we remain neutral even though both parties criticize us. It is up to the people of Taiwan to decide who will make their best president, the Director emphasized, and Hsieh agreed.

UN Referendum

¶10. (C) Hsieh noted that the Legislative Yuan (LY) recess made it impossible to work out a compromise on the UN referenda as he had originally hoped. Whether the referenda pass or not, Hsieh said he would express the view that the referendum expresses the desire of Taiwan's people to join international society. The referendum does not change the status quo or Taiwan's formal name (the ROC), and it is not a move toward de jure independence. (Note: Hsieh publicly reiterated this line on the referendum in a press conference

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later in the day. End Note.) If the referendum does not pass, Hsieh said he would explain that the failure was due to election politics and not because the Taiwan people do not want to join the UN. Hsieh predicted that, unlike the DPP referendum, the KMT's UN referendum is likely to pass unless the KMT orders its supporters to boycott its own referendum as well as the DPP version.

Private One-on-One Meeting

¶11. (C) In a one-on-one discussion following the larger meeting, the Director urged Hsieh, if he wins the election, to remember that audiences in Washington and Beijing will be watching closely for signals that the president-elect will take a cooperative approach toward working with the U.S. and with the PRC. Hsieh agreed and said he hoped the U.S. would help him also as he seeks better ties with Beijing. Hsieh said he would be prepared to downplay the DPP's UN referendum if it passes, and the Director stressed that the U.S. strongly prefers that the DPP referendum does not pass.

¶12. (C) If he wins, Hsieh pointed out that he will remain party chairman as well as being the president-elect, in which case President Chen will take a low-key approach and there will be no question of surprises. If he loses, however, Hsieh said he would step down as acting party chairman, reducing his influence, and President Chen would resume the party chairmanship. Although President Chen would be unable to do anything, given the constraints on him as lame duck, he could make problematic statements. But even these statements would have no significance.

¶13. (C) The Director stressed our desire to work closely with whoever wins the election to restore and strengthen U.S.-Taiwan relations. Although Beijing has refused to talk

to Chen, we hope the Chinese will be willing to talk to Hsieh if he is elected. Hsieh pointed to his efforts to signal China that he would like to have a dialogue on practical matters. The Director expressed his hope to pay an early call on Hsieh if he wins the election on Saturday, and Hsieh responded he would be ready to receive a call by the Director as soon as possible.

Comment

¶14. (C) With the campaign winding to a close, Hsieh appeared somewhat pensive as he if was carefully calculating his final moves. He seemed to be prepared for either a victory or a defeat in the election on Saturday. To balance press coverage of a recent event with Ma Ying-jeou, the media was present at the Director's departure from Hsieh's headquarters. With Hsieh also present, the Director told the media that he met regularly with the candidates of both parties.
YOUNG